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1.0 CONTRACT TYPE

1.1 Labor Hour

If identified and provided for in the body of this Subcontract, this Subcontract is a Labor-Hour contract type and direct labor hours are to be provided at specified fixed hourly rates that include wages, overhead, general and administrative expenses, other indirect costs consistent with the SUBCONTRACTOR's established accounting practices and profit. No other direct costs (ODCs) will be reimbursed under this Subcontract.

1.2 Time and Materials

If identified and provided for in the body of this Subcontract, this Subcontract is a Time and Materials contract type. Labor and other direct costs (ODCs) will be reimbursed under this contract type. Direct labor hours will be provided at specified fixed hourly rates that include wages, overhead, general and administration, other indirect costs consistent with the SUBCONTRACTOR'S established accounting practices, and profit. Reimbursable costs shall not include any costs arising for the letting, administration, or supervision of performance of the Subcontract, if the costs are included in the fully burdened hourly rates identified in the Subcontract's Compensation Schedule.

- ODCs shall only be charged by the SUBCONTRACTOR if specifically identified and authorized by the authorized procurement representative at the time of Subcontract award or by modification to the Subcontract. ODCs that will be reimbursed shall meet the following conditions under this contract type:
- ODCs must be allocable, allowable, and reasonable.
- ODCs include direct materials, purchases, travel, and lower-tier Subcontracting.
- ODCs, as used in this provision, are those materials which enter directly into the service provided, or which are used or consumed directly in connection with the furnishing of the end product.
- The SUBCONTRACTOR may apply a material handling and/or general and administrative expense to ODCs consistent with the SUBCONTRACTOR's established accounting practices. SUBCONTRACTOR profit or fee shall not be applied to ODCs.
- ODCs must be agreed to and incorporated into the Subcontract's Compensation Schedule.
- The SUBCONTRACTOR must have an established accounting system that accumulates the SUBCONTRACTOR's costs for this element. This ODC account must be exclusive of all other accounts and not be recovered in the fully-burdened hourly direct labor rate(s).

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- CH2M HILL will make payments to the SUBCONTRACTOR in amounts determined to be allowable by CH2M HILL in accordance with Federal Acquisition Regulation (FAR) Subpart 31.2 in effect on the date of this Subcontract and the terms of this Subcontract.

To the extent able, the SUBCONTRACTOR shall obtain materials and services at the most advantageous prices available with due regard to securing prompt delivery of satisfactory materials; and obtain all cash and trade discounts, rebates, allowances, credits, salvage, commissions, and other benefits. Credit shall be given to the authorized procurement representative for cash and trade discounts, rebates, allowances, credits, salvage, the value of any appreciable scrap, commissions, and other amounts that have accrued to the benefit of the SUBCONTRACTOR, or would have accrued except for the fault or neglect of the SUBCONTRACTOR. The benefits lost without fault or neglect on the part of the SUBCONTRACTOR, or lost through fault of the authorized procurement representative, shall not be deducted from gross costs.

2.0 TERMS OF PAYMENT

2.1 General Invoice Requirements

- A. Invoice Submission Requirements: Original invoices and supporting documentation shall be submitted no more than once a month per calendar month to CH2M HILL's Accounts Payable organization at the address below.

CH2M HILL HANFORD GROUP, INC.
Accounts Payable Mail Stop: H6-09
P.O. Box 1500
Richland, WA 99352

Email electronic invoices to: ch2m_ap_invoices@rl.gov

- B. Invoice Payment Terms: SUBCONTRACTOR shall prepare all invoices in a form satisfactory to and approved by CH2M HILL. Except to the extent expressly stated elsewhere in this Subcontract, the invoice is payable thirty (30) calendar days after receipt by CH2M HILL of a properly marked and submitted invoice. Discounts are expected for earlier payments and shall be specifically incorporated in the Subcontract. All unit pricing and payments made shall be in United States dollars only, in the forms of cash, check or electronic transfer as may be agreed upon. Remittance will be made only to the remittance address on file for the SUBCONTRACTOR. Invoices from third parties or with different remittance instructions or addresses will not be processed. Invoices may be submitted electronically, if in an acceptable format. All invoice requirements still apply to electronic invoices.
- C. Invoice Certification: Submittal of an invoice constitutes SUBCONTRACTOR's certification that materials, work and/or services have been delivered as specified on the invoice in accordance with the Subcontract.
- D. Separate Invoice Requirements: Each Subcontract or Subcontract Release shall be invoiced separately.
- E. Minimum Invoice Requirements: The invoice shall identify the following information:
- SUBCONTRACTOR's name, invoice number, and Subcontract number, and Release number.
 - SUBCONTRACTOR's name and telephone number of a representative available to respond to invoice questions.
 - The total amount due for the billing period (this amount shall be separate from cumulative amounts or subtotals included on the invoice).
 - A cost summary identifying all cost elements being invoiced with all indirect cost (rate) allocations clearly identified.
 - A synopsis of services performed during the billing period.

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- A listing of ODCs invoiced that reconcile to the Subcontract's Compensation Schedule with supporting documentation as required by the authorized procurement representative.
- A corresponding description of each item billed and the associated amount.

F. Fully-Burdened Hourly Rate: Unless specified otherwise, the invoiced amount shall be computed by multiplying the appropriate hourly rate prescribed in the Subcontract's compensation schedule by the number of direct billable labor hours. The rates shall include wages, indirect costs, general and administrative expense, and profit. Fractional parts of an hour shall be payable on a prorated basis.

G. Time Sheets: To expedite payment for services, time sheets for the SUBCONTRACTOR employee(s) shall be submitted to the Buyer's Technical Representative (BTR) prior to leaving the job unless this requirement is waived by the authorized procurement representative. The Buyer's Technical Representative shall acknowledge on the time sheet receipt of services for the period covered by the time sheet. Time sheets shall be formally approved by the SUBCONTRACTOR. One copy of the approved time sheet is to be attached to the invoice when presented for payment.

CH2M HILL will only reimburse the SUBCONTRACTOR for direct labor hours where productive work is performed in accordance with the Subcontract's Statement of Work (SOW) as required by the Buyer's Technical Representative (BTR).

H. Identification of Uncompensated Overtime: Uncompensated overtime means the hours worked without additional compensation in excess of an average of 40 hours per week by direct charge employees who are exempt from the Fair Labor Standards Act. Compensated personal absences such as holidays, vacations, and sick leave shall be included in the normal work week for purposes of computing uncompensated overtime hours.

The SUBCONTRACTOR's reporting of uncompensated overtime must be consistent with its established accounting practices used to accumulate and report uncompensated overtime hours.

I. Rejection of Invoices: Any invoice submitted, which fails to comply with the terms of this Subcontract, including the requirements of form and documentation, may be returned to the SUBCONTRACTOR. Any costs associated with the resubmission of a proper invoice shall be to the SUBCONTRACTOR's account.

J. Withholding Invoice Payments: CH2M HILL may, at its sole discretion, withhold payment due for, but not limited to, the following reasons:

- Substandard Work or delays in the Work not corrected promptly.
- Evidence that a claim has been or will be filed against SUBCONTRACTOR.
- Evidence that lower tier Subcontractors or suppliers have not been properly paid.
- Failure to provide accrual reports by the 15th of each month as specified in the Subcontract provisions

K. Accruals: This provision applies to all service Subcontracts unless the Subcontract is for one-time work which will be billed during the month the work was performed, if the Subcontract includes automatic payments made by the 15th of each month rather than requiring individual invoices.

The SUBCONTRACTOR shall provide monthly to Accounts Payable an estimate of the total billable cost from inception of the Subcontract through the current calendar month end. This information must be provided by email (preferred), fax, or mail by the 15th of each month. This data must be provided for each Subcontract release until all payments are received and the Subcontract is complete.

Email: Accruals-CHG@rl.gov

Fax: (509) 372-8036

Mailing Address:
CH2MHILL Hanford Group, Inc.
ATTN: Accounts Payable / MSIN H6-09
PO Box 1500
Richland, WA 99352

Monthly Subcontract-to-Date Cost Estimate Form can be obtained at the following Internet Address:

<http://www.hanford.gov/chmpmm/?page=19&parent=12>

2.2 Reimbursement of Travel Expenses

When authorized as part of the Statement of Work, the SUBCONTRACTOR will be reimbursed travel expenses incurred in performance provided that the expenses are for costs incurred for lodging, meals, and incidental expenses considered reasonable, allowable, and allocable to the extent that they do not exceed the maximum per diem rates in effect at the time of travel as set forth in *Federal Travel Regulations* (FTR) for travel within the 48 states. The following are links for referencing the travel guidelines.

[Federal Travel Regulations](#)

Additional guidance can be referenced through the Joint Travel Regulations (JTR) for travel in Alaska, Hawaii, the Commonwealth of Puerto Rico, and territories and possessions of the United States; or the Standardized Regulations (SR) for travel allowances in foreign areas.

A per diem will be paid to SUBCONTRACTOR employees only who are assigned to a project site for twelve (12) months (365 days) or less. SUBCONTRACTOR employees assigned to a project for more than sixty (60) days will be expected to vacate hotel lodging and move into residential accommodations.

- A. Short-Term Assignments: Per diem and lodging will be paid in accordance with the rates established by the Federal Travel Regulations (FTR) unless otherwise specified in this Subcontract. Home visits for less than four (4) consecutive weeks of assignment (on travel status) are not authorized.
- B. Temporary Work Assignments (Sixty (60) Days or Less): Expenses associated with temporary work assignments that are sixty (60) days or less will be reimbursed under the following guidelines
 - 1. Transportation Other than Airline: Reimbursement of transportation costs will be at the current Federal Travel Regulations (FTR) per mile rate, for travel made by automobile, or actual fares for other public conveyance, reasonably incurred by SUBCONTRACTOR's personnel in traveling by the shortest and most direct route from his/her home office to (Hanford Site) Richland, Washington, or to other such locations and return, at the request of CH2M HILL. When travel is by automobile the most direct route shall be determined in accordance with the Rand McNally Standard Distance Chart. Local mileage costs while at the Hanford Site will not be reimbursed, unless specifically authorized by CH2M HILL.
 - 2. Transportation by Airline: Every effort shall be made to plan required travel to obtain the lowest fares available. Actual receipts must document all airfare costs being invoiced under this Subcontract.
 - 3. Reimbursement of Labor Hours During Travel Status: The authorized procurement representative will only reimburse the SUBCONTRACTOR for direct productive labor hours associated with the Subcontract's or Subcontract Release's Statement of Work (SOW). Reimbursement for travel time (airline or other than airline) to the job-site is not considered a direct productive labor hour and will not be reimbursed by the authorized procurement representative.
 - 4. Car Rental: Compact or intermediate size cars are to be used as a first choice. Should a compact or intermediate size vehicle not be available, use of a more expensive vehicle must include a certification by

the employee of the effort made to obtain the compact or intermediate vehicle. Actual receipts must document all car rental and fuel costs.

5. Lodging: Lodging will be reimbursed at the current FTR rate or at the actual cost if less than the allowable FTR rate. Actual receipts must document all lodging costs being invoiced under this Subcontract.
6. Meals and Incidental Expenses (M&IE): M&IE will be reimbursed at a flat rate per day; not to exceed the limits specified for the geographical location in the FTR. The daily living expense (M&IE) shall be prorated per the FTR during the first and last day of travel, inclusive of weekend trips home. Weekend stay-over(s) are paid when continued work is required during the following week.

- C. Temporary Work Assignments – More Than Sixty (60) Days, But Less Than Three Hundred Sixty-five (365) Days: Effective the sixty-first day of the work assignment, the following modifications become effective: CH2M HILL will pay a reduced per diem rate of \$30 per day to compensate lodging/subsistence expenses. Receipts will not be required for lodging/subsistence while under the reduced per diem rate allowance.

Instead of using a rental car, a SUBCONTRACTOR owned vehicle may be used if determined to be more cost effective. However, shipping cost and arrangements must be pre-approved by the authorized procurement representative. CH2M HILL assumes no liability for accidents when SUBCONTRACTOR owned or rental vehicles are used.

One trip home, to the primary residence, after each four (4) consecutive weeks of assignment (on travel status) to the Subcontract will be reimbursed when approved in advance by CH2M HILL as follows:

- Fourteen (14) day advanced coach airfare via the most direct route in accordance with FTR guidelines. If the project work assignment or an urgent situation prevents the SUBCONTRACTOR employee from obtaining the fourteen- (14) day airfare; approval must be obtained from CH2M HILL. If a personal vehicle is used to return to the primary residence, mileage and lodging will be paid at the current FTR rates, not to exceed the fourteen (14) day advance airfare rate.
- While traveling and at home, per-diem expenses are not reimbursable.
- The trips home are neither “bankable,” transferable nor cumulative.

- D. Work Assignments - Three Hundred Sixty-five (365) Days and Over: Unless pre-approved by CH2M HILL, work assignments of more than three hundred sixty-five (365) consecutive days are considered permanent. Any incurred travel and living expenses, after three hundred sixty-five (365) consecutive days, are not reimbursable without written pre-approval from CH2M HILL. This provision shall also apply to SUBCONTRACTOR’s employees who transfer to another Subcontract. The number of consecutive days for a transferred employee shall not restart with the new Subcontract but shall continue from the original Subcontract assignment date.

2.3 Cash Discounts

Cash discounts will apply from the date a correct, properly supported invoice is received by CH2M HILL.

2.4 Refunds

The SUBCONTRACTOR agrees that any refunds, rebates, or credits (including any related interest) accruing to or received by the SUBCONTRACTOR or any assignee, that arise under the materials portion of this Subcontract and for which the SUBCONTRACTOR has received reimbursement, shall be paid by the SUBCONTRACTOR to the authorized procurement representative.

2.5 Right to Offset

CH2M HILL, without waiver or limitation of any rights or remedies of CH2M HILL, shall be entitled from time to time to deduct from any amounts due or owing by CH2M HILL to SUBCONTRACTOR in connection with this Subcontract (or any other Subcontract with CH2M HILL), any and all amounts owed by SUBCONTRACTOR to CH2M HILL or the Government in connection with this Subcontract.

2.6 Interest Payment

No interest is payable to SUBCONTRACTOR for any claim it may have, except that specifically imposed by a court of competent jurisdiction on any judgment, and then only from the date of the entry of judgment.

2.7 Audit

At any time before final payment under this Subcontract, the authorized procurement representative may request audit of the invoices and substantiating material. Each payment previously made shall be subject to reduction to the extent of amounts, on preceding invoices, that are found by the authorized procurement representative not to have been properly payable and shall also be subject to reduction for overpayments or to increase for underpayments.

2.8 Final Payment

Upon completion of the Work, SUBCONTRACTOR will notify CH2M HILL, in writing that the Work is complete and that final payment is due. The final invoice shall be submitted for payment after completion and acceptance of Work by CH2M HILL and compliance by SUBCONTRACTOR with all terms of this Subcontract. The final invoice shall be supported by all requested certifications and releases needed to close out the Subcontract including, but not limited to, the "Subcontractor Release of Claims." If the Work has been completed in accordance with this Subcontract, final payment will be made in accordance with the terms of this Subcontract. Final Payment shall not relieve the SUBCONTRACTOR of any obligation under this Subcontract.

2.9 Limitation of Funds

- A. The Subcontract (Subcontract release) specifies the dollar amount authorized, the items covered, and the period of performance the amount will cover. The SUBCONTRACTOR agrees to perform, or have performed, Work on the Subcontract up to the point at which the total amount paid and payable under the Subcontract, approximates, but does not exceed the total amount authorized on the Subcontract.
- B. When the parties have negotiated a total award value which exceeds current funding, the authorized funds on the resulting Subcontract will be limited using a limitation of funding provision.
- C. The authorized funding shall be considered a ceiling price which may not be exceeded until the authorized procurement representative notifies the SUBCONTRACTOR in writing that the ceiling price has been increased and shall have specified in the notice a revised ceiling that shall constitute the ceiling price for performance under this Subcontract.
- D. The SUBCONTRACTOR shall notify the authorized procurement representative identified in the Subcontract, in writing whenever it has reason to believe that the costs it expects to incur under this Subcontract in the next 30 days, when added to all costs previously incurred, will exceed 75 percent of the total amount so far allotted to this Subcontract. The notice shall state the estimated date when such allotted amount will be reached and estimated amount of additional funds required to continue performance for the period specified in the Subcontract. If after such notification, additional funds are not obligated by the end of estimated reach date or by an another agreed date, the authorized procurement representative shall upon SUBCONTRACTOR's written request, terminate this Subcontract on the performance end date or the date set forth in the request, whichever is later, pursuant to the provisions of the Termination clause of this Subcontract.

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- E. Except as provided by other provisions of this Subcontract, specifically citing and stated to be an exception to this clause:

The authorized procurement representative is not obligated to reimburse the SUBCONTRACTOR for costs incurred in excess of the total authorized funding; and

The SUBCONTRACTOR is not obligated to continue performance under this Subcontract (including actions under the termination clause) or otherwise incur costs in excess of the allotted amount of this Subcontract, until the authorized procurement representative notifies the SUBCONTRACTOR in writing that the allotted amount has been increased and specifies the revised total allotted amount.

- F. No notice, communication, or representation in any form or by anyone other than the authorized procurement representative shall affect the authorized amount of this Subcontract. In the absence of the SUBCONTRACTOR's notification as described above, the authorized procurement representative is not obligated to reimburse the SUBCONTRACTOR for any costs in excess of the total authorized funding, whether incurred during the course of performance period, a termination, or result of an audit.
- G. When, and to the extent that the amount authorized by the authorized procurement representative is increased, any excess costs the SUBCONTRACTOR incurred before this modification shall be allowable to the same extent as if incurred afterward, unless this Subcontract was terminated.
- H. Change Orders (Subcontract Modifications) shall not be considered an authorization to exceed the authorized amount specified in the Subcontract, unless they identify an increased funding amount.